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Message Text

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13
ACTION AEC-11

INFO OCT-01 EA-11 ISO-00 SCI-06 L-03 ABF-01 OMB-01 NAS-01

TRSE-00 CIAE-00 INR-11 NSAE-00 RSC-01 DRC-01 /048 W
---------- 031025
R 230329Z AUG 74
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 4100

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E.O. 11652: N/A
TAGS: TECH, JA, US
SUBJECT: ABCC

REF: A) STATE 170184, B) TOKYO 10486

1. SCICOUNS HAS LEARNED THAT MINISTRY OF HEALTH AND WELFARE HAS REACHED CONCLUSION, ON LEGAL GROUNDS, THAT IT MUST TERMINATE JAPAN NIH PERSONNEL ASSIGNED TO ABCC AT TIME OF CREATION OF NEW INSTITUTE IN ORDER TO ALLOW THEM TO BE REHIRED BY NEW INSTITUTE. REASON IS JAPANESE LEGAL PROVISIONS WHICH PROHIBIT ASSIGNMENT OF GOVERNMENT PERSONNEL TO NON-GOVERNMENTAL FOUNDATION. JNIH EMPLOYEES WHO DO NOT WISH TO STAY ON WITH NEW INSTITUTE WOULD BE PLEACED ELSEWHERE IF POSSIBLE. JNIH EMPLOYEES ARE BEING INFORMED OF THIS CONCLUSION AT PRESENT TIME.

2. IN DISCUSSION OF THIS CONCLUSION WITH FONOFF, SCICOUNS STRESSED THAT US HAD REACHED NO CONCLUSION ON TERMINATION OF ABCC PERSONNEL, AND EXPRESSED HOPE THAT DISCLOSURE OF DECISION TO TERMINATE JNIH EMPLOYEES WOULD BE HANDLED IN SUCH A WAY TO AVOID PREJUDICING DECISION ON ABCC EMPLOYEES. AS PRACTICAL MATTER, SINCE THERE ARE ONLY 30 JNIH EMPLOYEES, AND SINCE EMPLOYEES IN GENERAL ARE BELIEVED TO FAVOR NON-TERMINATION ON CREATION OF NEW INSTITUTE, DECISION ON JNIH EMPLOYEES SHOULD HAVE NO EFFECT ON ATTITUDE OF ABCC EMPLOYEES.

3. EMBASSY UNDERSTANDING IS THAT US ATTITUDE TOWARD QUESTION
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TENDS TOWARD NOT TERMINATING EMPLOYEES, AND THUS TO ALLOW THEIR

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RETIREMENT CREDITS TO ACCUMULATE FOLLOWING THEIR TRANSFER TO NEW INSTITUTE. WE RECOGNIZE THAT THIS DECISION WOULD RESULT IN REDUCED US COSTS AT TIME OF TRANSFER, AND, AS NOTED ABOVE, IS ALMOST CERTAINLY THE PREFERENCE OF ABCC EMPLOYEES, SINCE THEIR ULTIMATE RETURNS FROM RETIREMENT SYSTEM WOULD BE INCREASED BY ACCUMULATION. WE WISH TO MAKE CERTAIN, HOWEVER, THAT DEPT AND AEC ARE AWARE THAT, IN JAPANESE VIEW, WHICH WE BELIEVE IS ACCURATE, NON-TERMINATION WILL BE VERY MUCH MORE COSTLY FOR US IN LONG-RUN DUE TO HIGH RATE OF INFLATION IN JAPANESE WAGE SCALES, AND OTHER CHARACTERISTICS OF RETIREMENT SYSTEM. IN ADDITION, NEGOTIATION OF EQUITABLE DISTRIBUTION OF OBLIGATIONS FOR RETIREMENT PAYMENTS BETWEEN US AND NEW INSTITUTE IS LIKELY TO BE EXCEEDINGLY DIFFICULT.

4. RE FINANCING FOR NEW INSTITUTE BEGINNING APRIL 1975, SCICOUNS CONTINUING TO STRESS NECESSITY FOR CONSULTATION AND AGREEMENT ON BUDGET FIGURE, SO THAT EACH SIDE CAN REQUEST EQUAL AND ADEQUATE AMOUNT TO MEET OPERATING COSTS. IN THIS REGARD, EMBASSY IS UNAWARE OF BASIS FOR REFERENCE IN REF A TO ONE BILLION YEN WHICH JAPANESE SIDE IS REQUESTING FROM DIET. MHW BUDGET REQUEST IS NOW BEING READIED FOR SUBMISSION TO MINISTRY OF FINANCE, AND REQUEST DOES NOT REACH DIET UNTIL LATE DECEMBER. DR. ALLEN HAS BEEN INFORMED ON CONFIDENTIAL BASIS BY JNIH OFFICIAL THAT FIGURE UNDER CONSIDERATION IN MHW IS 1,380 MILLION YEN. WHATEVER PROPER FIGURE IS, HOWEVER, EMBASSY AGREES FULLY THAT IT MUST BE AN AGREED FIGURE AND IS CONSTANTLY STRESSING THIS POINT.

5. EMBASSY IS BECOMING INCREASINGLY CONCERNED BY INABILITY TO PRESENT CONCRETE RESPONSES AND PROPOSALS TO FONOFF ON VARIOUS ABCC ISSUES AND DOCUMENTS. AMONG SPECIFIC PENDING ITEMS ARE THE FOLLOWING:

A) DEFINITIVE RESPONSE TO GOJ PROPOSALS FOR NEW LANGUAGE IN EXCHANGE OF NOTES AND RECORD OF DISCUSSIONS. EMBASSY RECOMMENDS ACCEPTANCE OF THIS LANGUAGE SUBJECT TO:

1) LANGUAGE WHICH WOULD MAKE CLEAR THAT CONSULTATION WILL TAKE PLACE ON REQUEST AND
2) INCLUSION OF LANGUAGE SUGGESTED IN PARA 4, REF B.
B) DEFINITIVE PROPOSAL FOR INITIAL CONTRIBUTIONS TO NEW

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INSTITUTE. EMBASSY RECOMMENDS FOLLOWING PACKAGE AS INITIAL POSITION.

1) US CONTRIBUTION OF EQUIPMENT AND BUILDINGS,
2) JAPANESE UNILATERAL PAYMENT OF LAND RENT,
3) JAPANESE CONTRIBUTION OF MAJOR EQUIPMENT ITEM (I.E., COMPUTER),
4) WAIVER OF US OBLIGATION TO RESTORE LAND TO ORIGINAL

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CONDITION IF HIROSHIMA LEASE NOT RENEWED AND INSTITUTE MOVES,
5) US RECOVERY OF TITLE IF INSTITUTE DISSOLVED, AND
BUILDING HAS ECONOMIC VALUE, COUPLED WITH WAIVER OF RESTORATION
OF LAND, IF BUILDING IS ABANDONED, AND
6) JAPANESE RECOVERY OF TITLE TO ITS INITIAL CONTRIBUTION
IF INSTITUTE DISSOLVED.
C) DEFINITIVE PROPOSAL ON RESOLUTION OF AUDIT ISSUE.
D) BACKGROUND INFO ON APPLICATION OF AUDIT PROVISIONS TO
INTERNATIONAL CONTRACTS AND AGREEMENTS. THIS INFO PROMISED BY
STATE 170184, BUT NOT YET RECEIVED.
E) RESPONSE ON TIMING FOR FINAL NEGOTIATING SESSION. AS
EXPLAINED IN PARA 10, REF B, MATSUURA OUT OF COUNTRY IN SEPTEMBER
AND PROPOSES SECOND WEEK OF OCTOBER.
F) ANALYSIS OF FINANCIAL REQUIREMENTS FOR BALANCE OF JFY 1974,
SO AS TO DETERMINE WHETHER ADDITIONAL CONTRIBUTION FROM GOJ
NEEDED.

6. BECAUSE OF COMPLEXITY OF FINANCIAL ASPECTS OF ESTABLISHING
NEW INSTITUTE, AS WELL AS EVALUATING FINANCIAL REQUIREMENTS FOR
CURRENT FISCAL YEAR, EMBASSY BEGINNING TO FEEL IT MAY BE
DESIRABLE TO SEND, IN ADVANCE OF OCTOBER MEETING, US TEAM OF AEC
AND/OR NAS FINANCIAL EXPERTS FOR DETAILED DISCUSSION OF BUDGETARY
REQUIRMENTS FOR BALANCE OF ABCC OPERATION AND FIRST YEAR OF NEW
INSTITUTE. THIS IDEA HAS NOT BEEN RAISED WITH GOJ, AND EMBASSY
WOULD APPRECIATE REACTION AND GUIDANCE AS TO WHETHER IT SHOULD
BE SUGGESTED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONNEL, FINANCIAL CONTRIBUTIONS, NEGOTIATIONS, ORGANIZATION & MANAGEMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 23 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: boyleja
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO10948
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740232-0989
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740821/aaaaaril.tel
Line Count: 142
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION AEC
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: A) STATE 170184, B) TOKYO 10486
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 31 JUL 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31 JUL 2002 by kelleyw0>; APPROVED <04 MAR 2003 by boyleja>
Review Markings:

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US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ABCC
TAGS: TECH, JA, US, ABCC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

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